

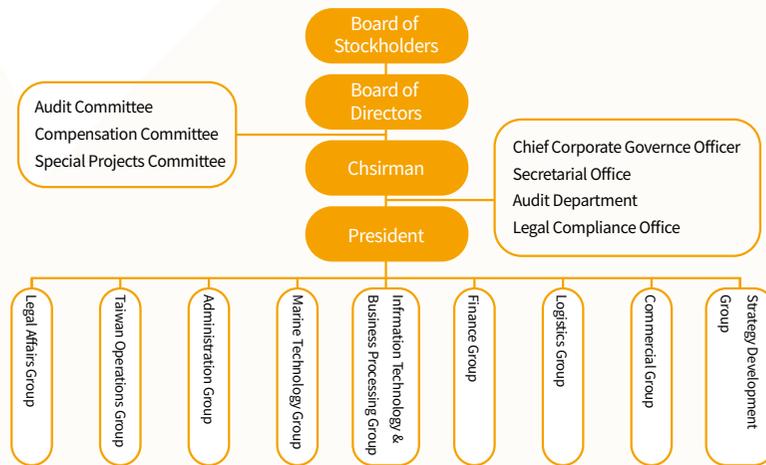
III Corporate Governance

● Responding to the United Nations Sustainable Development Goals (SDGs)

3.1 Corporate Governance Structure

In order to fulfill the responsibilities as a business operator, protect the legitimate rights and interests of shareholders, and take into account the interests of other stakeholders, the Company assists the management and operation, and provides effective supervision through the Board of Directors in a manner that is in the best interests of the Company, all shareholders, and stakeholders, and encourages the Company to make good use of resources and improve efficiency, thereby enhancing competitiveness and promoting the well-being of the public. The Company's Board of Directors authorizes the establishment of functional committees such as the Audit Committee, Compensation Committee, and Special Projects Committees to assist the Board in performing its supervisory duties, and formulate or amend relevant corporate governance rules and regulations, and enables the functional committees to perform pre-audit functions and also enables the independent directors to exercise professionalism and independence.

The Company was ranked in the top 6%-20% among the listed companies in the 7th Corporate Governance Evaluation. There has been no conflict of interest since its establishment. In the future, the Company will continue the implementation the Board of Directors diversification policy, strengthen the operation of various functional committees and information disclosure, and we will continue the review of the basic structure of corporate governance and various corporate governance measures.



Note 1 : Please refer to the following link for the Company's corporate governance structure and details of governance matters : <https://www.yangming.com/CorporateGovernance/Corporategovernancestructure.aspx>

Note 2 : Please refer to the following link for matters related to the Board of Directors and functional committees : <https://www.yangming.com/CorporateGovernance/FunctionalCommittees.aspx>

3.2 Performance Evaluation of the Board of Directors



Yang Ming by board resolutions held on 2021.01.27 has amended the procedures for board and functional committee performance assessments. Yang Ming's secretarial office would implement board and functional committee performance assessments through questionnaires at the end of every year. The board and functional committee performance assessments shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. Yang Ming would report the result of board and functional committee performance assessments to the board by the end every 1st quarter of the year and take the result of board performance assessments as a reference when nominate directors for reappointment.

The company has processed the performance assessment of the board of directors, individual directors, and functional committee (including the Audit Committee, Remuneration Committee and Special Projects Committee) for the year 2020 in Jan., 2021 and has submitted the assessment results and the sustainably strengthen and improve targets in 2021 during the Board meeting held on 2021.03.25. The achievement rates of assessment criteria is 97.8% for the board of directors, 95.7% for directors and 95.8% for the functional committees. All assessment result has surpassed the standard. To maintain consistency in terms of corporate governance and the Board's performance, there is a need to sustainably strengthen and improve targets in 2021 by :

- Increasing participation and supervision of directors in company operations through Board meetings.
- The assessment items of "the attendance status of directors on the Board meetings" and "the attendance status of commissioners on the Functional Committees' meetings" are listed as improvement targets in 2021.

The "Taiwan Corporate Governance Association" was commissioned to evaluate the performance of Board and functional committees in February 2021. The Taiwan Corporate Governance Association and evaluating experts were independent institutions with no business contacts with Yang Ming; a report on Board performance was submitted on 2021.03.12. The results of external evaluations were submitted to the Board on 2021.03.25. Implementation details were as follows :

Evaluation duration	2020.02.01 to 2021.01.31.
Evaluation method	The Taiwan Corporate Governance Association reviews all the relevant documents submitted by Yang Ming, and also commissioned four experts to perform on-site evaluations and interviews with Chairman, President, two independent directors, chief audit officer and chief corporate governance officer on 2021.03.05.
Evaluation standards	Including the eight aspects of board composition, board guidance, board authorization, board supervision, board communication, internal control and risk management, self-discipline of the board, and others (board meetings, support systems ... etc.). Regarding the implementation of each indicator, experts refer to the information provided by Yang Ming and publicly available, and performed on-site interviews before submitting evaluation reports.
Overall evaluation results	<ol style="list-style-type: none"> 1. The board meeting discussion atmosphere becomes more permissive due to Yang Ming attaches great importance to transparent meeting methods, respects the opinion and suggestions from board members, builds consensus through more board meetings and communications, increases meeting productivity and efficiency, independent directors could also contribute their expertise and suggestions through meetings and fulfill supervisions and guidance toward Yang Ming. 2. The intention from Board to strengthen the independence of both internal and external audit departments and ensure the fulfillment of their function can be seen from followings : The internal audit officer was elected from three nominees by the Audit Committee after thorough interview and discussion; the Audit Committee evaluates the independence and competence of CPAs annually to ensure the service quality. 3. All human resource system and rules are based on four main concepts : talents globalization, international talents, team learning and versatility of employees. Yang Ming attaches importance to the growth of employees by job rotation, expatriate program and functional leadership training sessions. Also, with specific actions such as direct email communication with the Chairman, working environment improvements and traffic transportation planning, it can also be seen that caring and concern toward employees are the basic philosophy for company's sustainable development. 4. Yang Ming takes the initiative to improve the performance regarding the Corporate Governance Evaluation from competent authority, and commissioned this board performance by external institutions for the very first time. Moreover, all board members are also open-minded toward internal board performance evaluation and take proactive approach to improve those weakness terms, it all shows that the Corporate Governance issue is a priority to Yang Ming.
Evaluation recommendations	<ol style="list-style-type: none"> 1. In consideration of the future development and the challenging from business environment, it was recommended that Yang Ming could increase independent or external professional board member numbers in the coming board re-election in 2021, to elevate the overall board independence, professional diversity and the appropriateness during their term in office. 2. It was recommended that all board members to attend meeting together with senior executives, to focus on mid and long-term strategy and corporate visions of Yang Ming, which could assist board members to fully recognize the actual condition and information of shipping industry, and intensify the mutual trust with the management team and could provide necessary supervision and guidance to Yang Ming and make response to the international shipping environment. 3. Yang Ming was recommended to form a Risk Management Committee under supervision of the board, to supervise the Group's risk management issues and set related policies and procedures, report the risk control activities review to the board on regular basis, in order to ensure normal operation of the risk control and management.

3.3 Integrity, Ethics and Insider Trading Prevention

The Company's Human Resources Department is responsible for the formulation and promotion of integrity management policies and prevention guidelines. The Risk Insurance Department is responsible for establishing an employee integrity risk assessment mechanism, regularly analyzes and evaluates business activities within the scope of business that has a higher risk of dishonest behavior, and draws up a prevention plan, and regularly reviews the appropriateness and effectiveness of the plan. The Audit Department is responsible for complying with the internal control, "The Code of Conduct for Directors and Managerial Officers of Yang Ming Marine Transport Corporation", "Code of Ethical Management", "Guidelines on Unethical Conduct Prevention" and "The Code of Conduct for Yang Ming Group Members" to supervise the implementation of various units and report to the Board of Directors at least once a year.

The Company's Code of Ethical Management and other relevant regulations have been disclosed in the annual report and official website. The Company has conducted a 0.5-hour online promotion to all on-shore employees on the "Code of Ethical Management", "Code of Conduct" and "Guidelines on Unethical Conduct Prevention" from November 30, 2020 to December 18, 2020. A total of 1,328 people passed the test, with a completion rate of 92%. The Audit Department prepares an audit report on the integrity of each audit unit and sends it to independent directors for review.

The Company has also drawn up the "Procedures for Whistleblowing Cases", which is applicable to all personnel (including managers) of the Company and its affiliated companies, suppliers, customers, shareholders, and related parties. An independent mailbox (conduct@yangming.com) is open for reporting concerns about unethical or unlawful behaviors, and the relevant specifications have been placed on the official website for all employees and business partners to review.

In addition to disseminating major internal information and training materials on preventing insider transactions to the Company's directors, we also conducted a 0.5-hour online training of the "2020 Education on Preventing Insider Trading" to the on-shore employees. A total of 1,326 people passed the test, with a completion rate of 91.6%.

The relevant operational measures and implementation of the Company's Code of Ethical Management (Chinese version) have been announced in the annual report and the company's official website. The disclosure URL is : <https://www.yangming.com/CorporateGovernance/ImplementationStatusofEthicalCorporateManagement.aspx>

Procedures for Whistleblowing Cases
<https://www.yangming.com/CorporateGovernance/WhistleblowingSystem.aspx>

3.4 Audit System

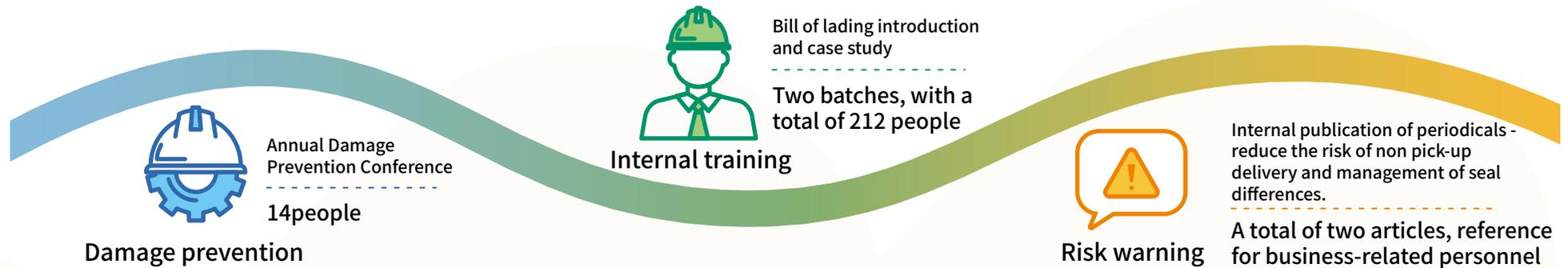
The Company has set up an Audit Department, which is subordinate to the Board of Directors, and implements the auditing in various departments of the group, domestic and overseas subsidiaries, own vessels and agents, in accordance with the rules and regulations. At the end of each year, the Audit Department draws up an audit plan for the following year based on the importance of the audited unit and the results of the risk assessment. Auditing is conducted at least once a year in headquarters' departments, branches, and domestic subsidiaries, and once a year in the important overseas subsidiaries. At least one vessel is audited every month, and several overseas agents are audited on commissioned matters every year. The Audit Department submits the previous month's audit report to the independent directors every month. At the same time, it reports to the Board of Directors quarterly on the improvements of the deficiencies found in the audits and continues to track them until they are improved.



3.5 Risk Management

In order to effectively prevent and control risks, and thereby maintain normal operations to achieve the sustainable operation of the Company, we conduct a full range of risk management and includes the entire Yang Ming Group in the scope of the management. We establish a risk management system and various management key points. Regularly review various risk management procedures and evaluation standards in response to changes in the market economy or adjustments to the Group's operating policies. The Company conducts evaluation on major risks every year. The content of the evaluation includes the implementation results (residual risks) after the improvement measures of high-risk projects evaluated in the past year, as well as the new risk due to the changes in the market economy or adjustments to the Group's operating policies. The above evaluation reports are submitted to the Board of Directors and tracked quarterly. The Company's risk management policy was approved by the Board of Directors in 2021.

Internal education and training are also continuously carried out to ensure that risk management up to date.



Regarding the Company's assessment of high-risk projects or issues worthy of continuous observation in 2020, the description is as follows :

Risk Control	2020 Assessed Risk Items	Impacts on Yang Ming (Treats)	Action Taken by Yang Ming (Opportunities)
<p>Market risk control</p>	<p>Risks of market changes in the US-China trade war</p>	<p>Given that bilateral trade between China and the United States is ongoing, there is a high degree of uncertainty to the shipping market, it is already an uncontrolled systemic risk.</p>	<ol style="list-style-type: none"> 1. Continue to actively investigate the latest international trade developments, quickly adjust the business to slightly reduce the impact and create opportunities. 2. Observe the direction of cargo flow and re-allocate the cargo space to deal with the transfer orders, so that the loading port/loading volume will not be affected.
<p>Operational risk control</p>	<ol style="list-style-type: none"> 1. Risk of strikes (slacks) at the port affecting port operations and schedules 2. Risk of undertaking of dangerous goods 3. Risks of storwage management 4. Risk of infectious diseases 	<ol style="list-style-type: none"> 1. Recently affected by the pandemic, the efficiency of port operations has been poor. 2. Undertaking of dangerous goods requires a high degree of professionalism. Except for the parts that the Company can actively control, there are still many blind spots in practice due to joint-venture operation or movement of goods. Operators should implement the KYC (Know Your Customer) rules when loading dangerous goods. In addition, they should also ensure that the management standards of the Company and the associates are consistent, and clearly stated responsibilities in the joint operation contract to reduce external risks. 3. Due to the risk of cargo operation, it will directly lead to an increase in cost, a decrease in loading capacity, and even the occurrence of sea damage cases. 	<ol style="list-style-type: none"> 1. Strengthen close contact with the main berthing ports and captains, adjust the schedule and berthing sequence, etc., to avoid more losses. 2. Strengthen personnel training, enhance personnel alertness and attention, and through the blacklist mechanism, accepting goods from consignors with bad records is prohibited. The Company spares no effort to improve the safety of cargo transportation. Regarding the management of dangerous goods, please refer to "4.7 Improving the Safety of Cargo Transportation" in this report for details. 3. Strengthen the training of cargo operation personnel and the connection between related ports. 4. For the measures taken in response to COVID-19, please refer to "3.5.1 Yang Ming's Pandemic Prevention" and "5.4.3 Response Measures to COVID-19"

Risk Control	2020 Assessed Risk Items	Impacts on Yang Ming (Treats)	Action Taken by Yang Ming (Opportunities)
<p>Financial risk control</p>	<p>Insufficient working capital or insufficient liquidity</p>	<p>Changes in the domestic and international economic and financial situations have an impact on the Company's revenue, operating costs, interest rates, exchange rates, etc., resulting in possible impacts on the Company's profit and loss and cash flow.</p>	<ol style="list-style-type: none"> 1. According to the Company's operating conditions, flexibly adjust working capital. 2. Dispersed short-term loan maturity dates. 3. Comply with the requirements of "International Financial Reporting Standards (IFRS)", "International Accounting Standards (IAS)" and government regulations, as well as other related regulations. 4. Competent authority's annual regular financial review. 5. The managerial department conducts monthly budget review and submits a report to the Board of Directors every six months. 6. Provide quarterly and annual financial reports on a regular basis. 7. Important financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. 8. In response to changes in the financial solvency of customers, prudently assess credit exposure and adjust credit management strategies to reduce customers' financial and credit risks that may be caused by the impact of the pandemic. Good results achieved. 9. Master the status of account receivable and reduce the impact of the pandemic on income.
<p>IT risk control</p>	<ol style="list-style-type: none"> 1. The failure of the communication network of the main computer's Main Engine in head office, causing damage to the core application system. 2. The network was interrupted for more than 4 hours in important areas. 	<p>As the Company's business is spread across the world, once the network is interrupted, it would affect the timeliness of data transmission and the Company's normal operations.</p>	<ol style="list-style-type: none"> 1. Using dual telecommunication company lines for external internet access for mutual backup. 2. Core database system's main engine has adopted a higher security system. Mutual backup is used for the important main engines, and the database is synchronized to the remote backup center in real time. 3. For details, please refer to "1.5.2 Information Security".
<p>Legal risk control</p>	<ol style="list-style-type: none"> 1. Violation of fair trade laws/ anti-competition laws/ antitrust laws 2. Violation of the personal data protection laws 3. Economic sanctions/ embargo regulations 	<p>Relevant regulations such as fair trade laws, anti-competition laws, and antitrust laws in various countries have become increasingly strict, and the possibility of violating these laws is increasing, and if the Company is investigated by the competent authority, it may incur attorney's fees and the client's negative comments on the Company. If the competent authority determines that the violation has occurred, the Company will face huge fines, related lawsuits, and affect the Company's reputation.</p>	<ol style="list-style-type: none"> 1. Keep up to date with updates of important international regional regulations and case study. 2. Compile the regulations (such as exemption status) of the competition laws of various countries in the shipping industry for the personnel of the Legal Affairs Office and the Legal Compliance Office to review. 3. Conduct education and training. 4. Advocate "legal compliance guidelines" by head office and its subsidiaries at the regular monthly meetings 5. Provide General Guidance of Competition Law to the Group's subsidiaries and agents worldwide. 6. Regularly compile inventory in compliance with personal data protection law. Please refer to "1.5.4 Personal Data Protection" of this report for details.
<p>Manpower</p>	<p>Insufficient crew recruitment</p>	<p>Recruiting Taiwanese crew members is not easy, and due to the impact of the COVID-19, coupled with the strict requirements of pandemic prevention measures at ports of various countries, leading to the difficulty in the replacement of the crew members at ports in some countries. Besides the sharp increase in additional costs, the inability to disembark for several months is likely to cause physical and psychological problems for the crew members, resulting in unnecessary risks and costs.</p>	<ol style="list-style-type: none"> 1. Regarding crew training, change to the maritime cases of the electrification of the fleet and incorporate it into the crew training materials to reinforce it; 2. Establish fleet satellite broadband communication to speed up the efficiency of two-way communication between vessel and shore, and allow crew members to connect with their families.
<p>Environmental protection</p>	<p>Environmental risk</p>	<p>In response to the requirements of international laws and regulations, customers and other stakeholders' concerns about the greenhouse effect and extreme climate change, it has prompted the Company to use new equipment or new technologies to improve service quality.</p>	<ol style="list-style-type: none"> 1. The Company's vessels are incorporated into the ISO14001 environmental management system. We have set up environmental policies, environmental management manuals, and related procedures for management, and disclosed related performance on the official website. 2. Identify the risks of climate change, estimate the risks of medium- to long-term climate change, formulate energy-saving plans and measures, and cooperate with professional organizations to effectively reduce the impact of climate change on the Company's operations. 3. Please refer to "3.5.2 Climate Change Risk Management and Response" in this report for details.

3.5.1 Yang Ming's Surefire Pandemic Prevention Operation Unaffected

In response to the recent spread of COVID-19 in various countries, with extensive impacts, the Company's offices around the world are maintaining normal operations, and each office is also implementing contingency plans in response to the development of the pandemic in their respective countries. We are taking strict pandemic prevention measures and fully prepared to continue to provide customers with the most comprehensive and uninterrupted delivery service.

In order to ensure the health and safety of global employees at shores and seafarers, and to protect the rights and interests of customers, Yang Ming immediately activated the pandemic prevention mechanism at the beginning of the pandemic. In addition to continuously promoting the concepts of personal protection and international pandemic precautions, emergency pandemic prevention plans have also been formulated to enable offices in various countries to implement work at home in batches and to divert personnel according to local pandemic conditions and government regulations to reduce the risk of infection in groups of employees and to ensure safe operation.

Employees are given the opportunity to work remotely, daily. In response to the pandemic, remote work capacity has been expanded and employees are trained to familiarize themselves with the operation process has also been provided.

In addition, in order to ensure that the Company's account receivable can be collected on schedule, the Company not only has real-time knowledge of the freight collection situation in various regions around the world and speeds up the process of customer accounts receivable, but also pays attention to changes in customers' financial solvency, prudently evaluates credit exposure and adjusts credit management strategies to reduce customers' financial and credit risks that may be caused by the impact of the pandemic.

For accounts payable, in addition to ensuring the smooth payment process in various regions, the Company continues to strengthen the proportion of digital bills and systematic review with major suppliers to reduce the possible delays in the review of physical bills due to the pandemic. The current payment processes are all normal.

Yang Ming will continue to observe the development of the pandemic in various countries around the world and make plans to respond to it. At the same time, we will disclose the latest contingency measures of various offices around the world on the Company's website (www.yangming.com).

At present, the Company's global operations and daily business at various locations are not affected by the pandemic. For the Company's safety and health protection of personnel, please refer to the description of this corporate responsibility report "5.4.3 Response Measures to COVID-19".



3.5.2 Climate Change Risk Management and Response

Under the global trend, the maritime industry must inevitably face the potential risks of climate change and the pressure of energy saving and carbon reduction. Yang Ming has devoted resources to the topic of energy saving and carbon reduction since 2006. We have published environmental protection report every year since 2007, and we have used the corporate social responsibility report to disclose the Company's response measures to environmental protection since 2012. At the same time, specific measures for energy saving and emission reduction to reduce environmental impact include the establishment of an internal energy-saving and fuel-saving team since 2019. From route planning and design, shipping schedules, to ship speed control, and important ship equipment modification, etc., relevant authorities have discussed to actually reduce fuel consumption. Compared to 2008, the carbon emission intensity in 2020 was reduced by 56.91%, which has been reached ahead of schedule formed by International Maritime Organization (IMO) regulations, with the goal of achieving a 40% reduction in carbon emission intensity by 2030 compared to 2008. Please refer to Chapter 4, Environmental and Safety Management of this report for specific data disclosure.

Although the Company has put forward specific performance and commitments on reducing carbon emission intensity, referring to the latest Global Risk Report released by the World Economic Forum, the report points out that in addition to the test by COVID-19, environmental and climate issues are still the most likely and shocking risks, and climate change is an unavoidable issue for human being. Due to the severe climate change, the Company has included the response to climate change as an important topic in the Company's Internal Environmental Sustainability Team. Through cross-departmental discussions, we will confront the risks and opportunities of climate change to business operations, and incorporate discussions of climate change factors in the operational planning and decision-making processes. At the same time, we will also refer to the Task Force on Climate-related Financial Disclosures (TCFD) this year to identify opportunities and challenges brought about by climate change and extreme weather, and formulate response and planning based on the four core elements of governance, strategy, risk management, indicators and goals, to reduce the impact of climate risks, and to ensure the sustainability of the Company's operation.



Climate change risk analysis, opportunity, and management

●Climate Change Risk Analysis

Risk Type		Issues	Duration of Impact (Level of Impact)	Scope of Impact
Transition risk	Regulatory policy risks	<ul style="list-style-type: none"> International environmental protection and energy conservation requirements increase or standards become stricter Increase in greenhouse gas control in various countries (such as : carbon tax, IMO carbon emission reduction target, EU ETS, etc.) Development of carbon trading market 	Medium- to long-term	Business development Fleet renewal
	Technology risk	<ul style="list-style-type: none"> Energy transition technology is immature Alternative energy investment is high level capital expenditure, and there is no obvious mainstream trend 	Medium- to long-term	Business development Fleet renewal
	Market and goodwill risk	<ul style="list-style-type: none"> Direct customers' or consumers' demands for low-carbon environmental protection services Institutional investors attach importance to the achievement of carbon reduction The demands for sustainable development from the supply chain Corporate reputation 	Medium- to long-term	Upstream and downstream supply chain Customer service
Physical risk		<ul style="list-style-type: none"> The risk of fleet navigation safety due to the increased in frequency of extreme weather (such as typhoons, hurricanes, etc.) 	Short-, medium- to long-term	Navigation safety Customer service

●Risk Identification and Opportunity Control

Risk and Financial Impact	Opportunity and Financial Benefits	Management Method	Responsibility and Management Mechanism
<ul style="list-style-type: none"> ▶ The cost of legal compliance has increased, in response to the increase of market mechanism carbon control measures. ▶ Governments have levied taxes for environmental protection and energy, leading to an increase in operating costs. ▶ Competent authorities report and control carbon emissions, increase administrative costs. ▶ Countries have implemented stricter punishments for environmental violations, leading to an increase in financial risks. 	<ul style="list-style-type: none"> - Improve fuel efficiency and reduce costs of energy purchase, offsets, and compliance. - Promote big data integration, improve operational efficiency, and reduce administrative costs. 	<ul style="list-style-type: none"> - Strengthen personnel education and the ability to identify the opportunities for risks - Actively participate in international organization meetings or observe international initiatives - Study the possibility of introducing ISO14064 and ISO50001 management systems - Fleet and equipment renewal - Evaluate relevant supporting measures for the fleet's use of new energy - Planning and implementation of each item in carbon reduction measures - Compliance with international regulatory requirements - Monitor the development of carbon tax in the maritime industry 	<ul style="list-style-type: none"> - Top-down decision-making ensures the balance between operation and sustainable development. - Rely on the specialties of each department, plan and carry out corresponding measures, and incorporate them into performance management.

Yang Ming Task Force on Climate-related Financial Disclosures, TCFD

Corporate Management Strategies and Actions

Implementation in 2020

Future Plan

Governance



- The Board of Directors regularly reviews the risks, opportunities, and issues related to climate change.

- The Company regularly submits its annual plan and risk assessment to the Board of Directors every year.

- Promote education and training for all levels of personnel.
- Strengthen the opportunity identification of climate risk and the ability to respond to changes in each responsible units.

Strategy



- Through cross-departmental discussions and identification of short-, medium-, and long-term climate risks and opportunities.
- Evaluate the potential operational and financial impacts of major climate risks and opportunities on the Company.

- After cross-departmental discussions on climate risks and opportunities, relevant strategies are adopted.
- Please refer to "IV. Environmental and Safety Management" in this Corporate Social Responsibility Report for more information.
- Climate factors have been incorporated into existing corporate risk management mechanisms.
- Please refer to "VI. Risk Management/(V) Impact of Changes in Technology and the Industry on Corporate Finance and Sales, and Response Strategies" in the Company's 2020 Annual Report for more information.

- Strengthen the existing enterprise risk management mechanism.
- Strengthen personnel education and the ability to identify the opportunities for risks.
- Strengthen the climate risk/opportunity detection, response, and control functions of each unit.
- Compliance with international regulatory requirements.
- Carry out fleet and equipment renewal and planning, and implement various carbon reduction measures.
- Monitor the development of carbon tax in the maritime industry, and evaluate related supporting measures for the use of new energy in the fleet.
- Discuss green power-related matters.
- Actively participate in international organization initiatives or observe international initiatives.
- Study the possibility of introducing ISO14064 and ISO50001 management systems.

Risk Management



- Based on the ISO14001 environmental management system.
- Incorporate observed risk items into daily operation management to reduce climate risks.

- Continue to maintain the effectiveness of the ISO14001 environmental management system.
- Establish a complete operating procedure, which has been included in the consideration of climate change factors.
- For more information, please refer to the Company's 2020 Annual Report "VI. Risk Management/(III) Future Research and Development (R&D) Plans and Estimated Expenses".

- Strengthen identification technology and awareness to improve the degree of climate change risk management.

Indicators and Goals



- Research and plan on reduction of gas emissions per unit and alternative energy sources, set management indicators related to climate change.
- Review the progress of achieving goals and actual performance.
- Strengthen the evaluation of TCFD.
- Reduce gas emissions and comply with international legal requirements.
- Establish an environmentally-friendly fleet and improve ships efficiency.

- Compared to 2008, the carbon emission intensity in 2020 has been reduced by 56.91%.
- Completed the evaluation of the Dual-fuel Mega container vessels.
- Cooperate with external parties to carry out project plans and use big data to analyze, construct, and improve vessel energy efficiency systems.
- 6 newly-built smart ships joined the operation, effectively reducing the risk of category 1's emissions.
- Set climate change and energy management goals in 2021 based on climate change performance indicators, and senior executives regularly review execution performance.
- Please refer to "IV. Environmental and safety management" of this Corporate Social Responsibility Report for more information.

- Carry out the carbon reduction target - the carbon emission intensity of the fleet will be reduced by 20% in 2025 compared to 2020, and the KPI plan will be included, and the implementation will be reviewed every year.
- Fuel saving (including ship condition maintenance, speed optimization, and fuel consumption management).
- In conjunction with the adjustment of the main engine of the vessel, technologies such as ship type optimization, pitch optimization, anti-fouling paint refinement, propulsion system optimization, energy-saving devices, and main engine efficiency improvement are also included in the new vessel plan.
- Continue to discuss the possibility of using alternative energy sources.
- In accordance with ISO management standards and international requirements (CCWG), third-party verification of the vessel and shore environmental protection management system and fleet's greenhouse gas emissions are carried out to ensure the accuracy and completeness of the information, and they are disclosed on the official website, CSR, and annual financial report.

In recent years, Yang Ming has participated in various environmental protection platforms to discuss various climate change issues, through ready-made vessel modification, fuel-saving consumption by energy efficiency control, and continue to implement vessel replacement plans to improve fleet efficiency. The Company abides by international conventions and strives to achieve carbon reduction and air pollution reduction, so that the Company's business operations and environmental protection can both be carried out at the same time. For the impacts and opportunities faced by the Company in response to climate change and environmental risk management or the financial impact, please refer to the disclosure in "Chapter 1 : Overview/1.4 Future Operation Plan"; please refer to the "Chapter 4 : Environment Management" for the measures taken and actual practices. However, after the relevant control measures, the current residual risk has been reduced to a low level of the risks affected by climate change. The Company will continue to focus on the requirements of international laws and seek more efficient management methods.

3.6 Enhance Information Transparency

The Company operates transparently and focuses on shareholders' rights. Important resolutions from the Board of Directors are announced immediately after each Board meeting. Yang Ming has formulated "Procedures for Handling Material Inside Information" to establish sound mechanisms for the handling and disclosure of material inside information, and to improve and enhance information transparency. No liquidated damages and penalty was imposed for the violation of "Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" in 2020.

